

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 EPG-02 SIL-01 OMB-01 CAB-02 DODE-00
DOTE-00 FAA-00 L-03 SS-15 NSC-05 H-01 PA-01
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R 161005Z JUL 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 7323

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E.O. 11652: N/A
TAGS: EAIR, EG, US
SUBJECT: TWA REQUEST FOR ASSISTANCE

REF: (A) STATE 94602, (B) CAIRO 7600

1. EARLIER THIS YEAR GOE MADE CLAIM AGAINST FOREIGN AIRLINES IN EGYPT FOR WHAT IS DESCRIBED AS "EXCESS PROFITS" GAINED BETWEEN 1973 AND 1976 WHEN AIRLINE TICKETS WERE VALUED AT "IATA RATE" (LE 1.000 EQUALS \$2.53), WHILE PROFITS WERE TRANSFERRED AT OFFICIAL SELLING RATE (LE 1.000 EQUALS \$2.28). (GOE CLAIM AGAINST TWA IS IN EXCESS OF LE 480,000.) DURING THIS PERIOD, HOWEVER, MANY AIRLINES ACCEPTED TRANSFER OF EXCESS EGYPTIAN POUNDS AT PARALLEL RATE BECAUSE THEY WERE IN NEED OF FUNDS. WHEN GOE REFUSED PERMISSION TO TRANSFER EXCESS AT OFFICIAL RATE, MOST AIRLINES RESERVED RIGHT, APPARENTLY WITH GOE CONCURRENCE, TO CLAIM FURTHER BENEFITS, I.E., DIFFERENCE BETWEEN TRANSFER AT OFFICIAL RATE AND PARALLEL, AT LATER DATE. IN EARLY 1977 AGREEMENT WAS REACHED WITH IATA ON USE OF PARALLEL RATE FOR ALL FUTURE AIRLINES TRANSACTIONS. MANY COMPANIES THUS ARE EAGER TO NEGOTIATE FOR AMOUNT DUE THEM BECAUSE OF THE PAST DIFFERENCE BETWEEN PARALLEL AND OFFICIAL EXCHANGE RATES. GOE CLAIM IS SEEN BY AIRLINES AS A COUNTER

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TO THESE LEGITIMATE CLAIMS.

2. TWA WAS POSSIBLY ONLY FOREIGN COMPANY TO HAVE ACCEPTED TRANSFER AT PARALLEL RATE DURING PERIOD IN QUESTION WITHOUT RESERVING ITS POSITION ON FUTURE COMPENSATION AT MORE ADVANTAGEOUS OFFICIAL RATE. AS DEPT. AWARE, AGAINST OUR ADVICE, TWA TRANSFERRED BULK OF ITS EXCESS POUNDS DURING THIS TIME, LOSING

CONSIDERABLE SUM AS A RESULT (TWA CLAIMS LOSS OF APPROXIMATELY \$500,000). COMPANY VIEWS GOE CLAIM WITH SOME DISMAY, GIVEN ITS PAST COOPERATION. TWA, THEREFORE (SEE REFTELS), PROMPTLY ASKED GOE TO AGREE TO MUTUAL RENUNCIATION OF CLAIMS IN EFFORT TO CLARIFY MATTER AND SETTLE BOOKS ON THIS PERIOD ONCE AND FOR ALL. TWA CLAIMS ITS SITUATION IS DIFFERENT FROM OTHER AIRLINES BECAUSE IT HAS NO RESIDUAL CLAIM. TWA CASH CONTROL MANAGER BILLINGS' VISIT (REFTEL A) WAS DESIGNED TO SPRING LOOSE ACTION ON THIS PROPOSED AGREEMENT. AT THAT TIME EMBASSY FACILITATED HIS APPOINTMENT WITH FINANCE MINISTER. TWA BELIEVED, AS RESULT OF VISIT, THAT THEY HAD RECEIVED CONCURRENCE FOR THEIR PROPOSED RENUNCIATION OF CLAIMS. IN FOLLOW-UP ACTIONS, HOWEVER, TWA FINANCE REP NICHANIAN DISCOVERED THAT GOE BUREAUCRACY WAS INSISTING THAT MATTER BE SETTLED FOR ALL AIRLINES AND WERE NOT PREPARED TO TREAT TWA SEPARATELY. SUBSEQUENTLY GOE OFFICIALS ACKNOWLEDGED VALIDITY OF TWA'S POSITION, ACCORDING TWA, AND MEMORANDUM RECOMMENDING ACCEPTANCE OF TWA PROPOSAL IS REPORTEDLY NOW ON MINECON SAYEH'S DESK.

3. NICHANIAN PHONED EMBASSY PAST FEW DAYS TO ENLIST OUR ASSISTANCE IN PUSHING MINISTER TO POSITIVE DECISION. WHILE THERE DOES NOT SEEM TO BE URGENT NEED FOR SAYEH TO DECIDE, NICHANIAN ANXIOUS TO HAVE MATTER RESOLVED. WE THEREFORE, UNDERTOOK TO CONTACT SAYEH'S OFFICE IN EFFORT OBTAIN STATUS REPORT. WE HAVE BEEN UNABLE TO MOVE MATTER TO DECISION. NOT SURPRISINGLY, WE DID HEAR THAT THERE ARE THOSE LIMITED OFFICIAL USE

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WHO STILL OPPOSE SPECIAL DEAL WITH TWA ON GROUNDS ALL AIRLINES SHOULD BE TREATED EQUALLY.

4. ABOVE SUBMITTED FOR DEPARTMENT'S BACKGROUND. WE INTEND TO PURSUE CONTACTS WITH MINECON IN EFFORT TO ENSURE EARLY RESOLUTION ON EQUITABLE BASIS. WE ARE SUGGESTING THAT TWA ALSO PURSUE THROUGH OWN CHANNELS.
EILTS

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
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Concepts: CLAIMS, AIR FARES, FOREIGN EXCHANGE RATES
Control Number: n/a
Copy: SINGLE
Sent Date: 16-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
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Executive Order: N/A
Errors: N/A
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Format: TEL
From: CAIRO
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ISecure: 1
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Subject: TWA REQUEST FOR ASSISTANCE
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